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20 UNITED STATES DISTRICT COURT

21 CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

22 FOREVER 21, INC., a Delaware  
23 corporation,

24 Plaintiff,

25 vs.

26 GUCCI AMERICA, INC., a New York  
27 corporation, and GUCCIO GUCCI  
28 S.p.A., an Italian entity,

Defendants.

CASE NO. 17-cv-04706-FMO-E(x)

**DEFENDANT GUCCI AMERICA,  
INC.'S NOTICE OF MOTION AND  
MOTION FOR PARTIAL  
DISMISSAL;**

**MEMORANDUM OF POINTS AND  
AUTHORITIES**

Judge: Hon. Fernando M. Olguin

Hearing Date: September 7, 2017

1 GUCCI AMERICA, INC., a New York  
2 corporation,

3 Counterclaimant,

4 vs.

5 FOREVER 21, INC., a Delaware  
6 corporation,

7 Counter-Defendant.

Hearing Time: 10:00 a.m.

Courtroom: 6D

1 TO THE COURT AND ALL PARTIES AND THEIR RESPECTIVE  
2 ATTORNEYS OF RECORD:

3 PLEASE TAKE NOTICE that, on September 7, 2017, at 10:00 a.m., or as  
4 soon thereafter as the matter can be heard, in the courtroom of the Honorable  
5 Fernando M. Olguin, located at 350 W. 1st Street, 6th Floor, Courtroom 6D, Los  
6 Angeles, CA 90012, defendant and counterclaimant Gucci America, Inc. (“Gucci  
7 America”) will, and hereby does, move for an order pursuant to Federal Rule of  
8 Civil Procedure 12(b)(6) granting Gucci America’s Motion for Partial Dismissal of  
9 Plaintiff Forever 21, Inc. (“Forever 21”)’s Complaint. Gucci America seeks to  
10 dismiss Counts Two through Five of the Complaint completely, on the grounds that  
11 Forever 21 has failed to allege sufficient facts to plausibly suggest an entitlement to  
12 relief, lacks standing, and seeks relief this Court is not authorized to grant under the  
13 Lanham Act, and to dismiss Count One, in part, based on the same grounds.

14 The motion is based on this Notice of Motion and Motion for Partial  
15 Dismissal, the Memorandum of Points and Authorities filed concurrently herewith,  
16 the Complaint and all materials incorporated or relied upon in it, matters of which  
17 this Court may take judicial notice, and any and all other materials the Court deems  
18 proper.

19 This motion is made following the conference of counsel pursuant to Local  
20 Rule 7-3, which took place on July 20, 2017.

21  
22 DATED: August 7, 2017

QUINN EMANUEL URQUHART &  
SULLIVAN, LLP

23  
24 By /s/ Daniel C. Posner

25 Daniel C. Posner  
26 Attorneys for Defendant and  
27 Counterclaimant Gucci America, Inc.  
28

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **Preliminary Statement**

3 Forever 21’s Complaint challenges the validity of Gucci America’s distinctive  
 4 and iconic trademarks—webbing trademarks consisting of three bands of green-red-  
 5 green (“GRG”) or blue-red-blue (“BRB”) color combinations (Gucci America’s  
 6 “Webbing Marks”). As discussed in detail below, Forever 21’s claims for  
 7 cancellation of Gucci America’s federal trademark registrations in the Webbing  
 8 Marks and for the “denial” of Gucci America’s pending applications for additional  
 9 federal registrations in the Webbing Marks are subject to dismissal under Federal  
 10 Rule of Civil Procedure 12(b)(6) because (i) Forever 21 fails to allege sufficient  
 11 facts to state a plausible claim for relief that the trademarks covered by those  
 12 registrations and applications are not protectable, (ii) Forever 21 lacks standing to  
 13 challenge registrations or applications that Gucci America has not asserted Forever  
 14 21 is infringing, and (iii) as to Forever 21’s claim for the denial of Gucci America’s  
 15 pending applications, the authority to adjudicate a pending application for trademark  
 16 registration lies with the United States Patent and Trademark Office (“USPTO”) in  
 17 the first instance, not the federal courts.

18 In contrast to Forever 21’s conclusory allegations that the Webbing Marks are  
 19 unprotectable and are not linked to Gucci America in the minds of consumers, Gucci  
 20 America has consistently used the Webbing Marks for *decades* on everything from  
 21 handbags and other leather goods, to clothing, to shoes. The Webbing Marks have  
 22 become famous and valuable, and the products on which they are featured are  
 23 instantly recognizable as belonging to the “Gucci” brand (“GUCCI”). Gucci  
 24 America’s GRG and BRB Webbing Marks are depicted below, including with  
 25 examples of how they are used on its products:  
 26  
 27  
 28



Throughout the course of Gucci America's decades of use of the Webbing Marks, the validity and strength of those trademarks have been acknowledged repeatedly by courts. For example, almost 30 years ago, the Ninth Circuit referred to the "red and green Gucci Stripe" as "*distinctive.*" *Manetti-Farrow, Inc. v. Gucci Am., Inc.*, 858 F.2d 509, 511 (9th Cir. 1988) (emphasis added). More recently, the Southern District of New York stated—in trial findings—that the "GRG Stripe" is a "*strong, famous*" mark that is "*entitled to the strictest protection the law affords,*" *Gucci America, Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 246 (S.D.N.Y. 2012) (emphasis added), and this District noted that the "strength of the Gucci [GRG Webbing] Marks makes confusion more likely," *Gucci America, Inc. v. Super Star Int'l, Inc.*, 2013 WL 12114741, at \*3 (C.D. Cal. Nov. 8, 2013).

To protect its renowned trademarks, Gucci America actively enforces its rights against infringing uses. In late 2016 and early 2017, Gucci America discovered that retailer Forever 21 was using Gucci America's GRG and BRB Webbing Marks on accessories and clothing, and demanded that it stop. In contrast to the GUCCI brand's reputation for innovation in design, Forever 21 has a well-known business model of knocking off upscale brands and imitating their marks, and then defending the practice in litigation. Indeed, the Southern District of New York remarked in 2009 that "*the extraordinary litigating history of [Forever 21] . . . raises the most serious question as to whether it is a business that is*

1 *predicated in large measure on the systematic infringement of competitors’*  
 2 *intellectual property.” Anthropologie, Inc. v. Forever 21, Inc.*, 2009 WL 690239, at  
 3 \*4 (S.D.N.Y. Mar. 13, 2009) (emphasis added).

4 Consistent with its litigious business model, rather than cease its infringing  
 5 conduct, Forever 21 preemptively filed this lawsuit against Gucci America, and now  
 6 asks the Court for orders cancelling all of Gucci America’s existing registrations,  
 7 and “denying” Gucci America’s pending applications for new registrations, for its  
 8 GRG and BRB Webbing Marks—even going so far as to include registrations and  
 9 applications that Gucci America never even asserted Forever 21 was infringing. In  
 10 other words, Forever 21 is using this lawsuit to obtain judicial approval for its long-  
 11 standing practice of knocking off famous marks so that it can continue to trade off  
 12 of Gucci America—even more broadly than it already has—with impunity.

13 Forever 21 does not deny that the webbing designs it has used on its own  
 14 products are the same as Gucci America’s Webbing Marks—and it is plain to see  
 15 that they are. Instead, Forever 21 argues that Gucci America’s registrations and  
 16 applications for its Webbing Marks should be cancelled or denied as unprotectable  
 17 because they allegedly lack secondary meaning, are generic, or are aesthetically  
 18 functional. Despite the breadth of these assertions—which challenge the validity of  
 19 some of the most iconic trademarks in the fashion industry—Forever 21 supports  
 20 them with *virtually no factual allegations*. At most, Forever 21 alleges that  
 21 unspecified colored patterns that include stripes are commonly used in fashion. But  
 22 this allegation, even if credited, offers no factual support for its bald assertion that  
 23 Gucci America’s registrations or applications for its GRG and BRB Webbing  
 24 Marks, in particular, are subject to cancellation or denial on any of the grounds  
 25 Forever 21 raises.

26 Independently, Forever 21’s claims for cancellation and denial fail to the  
 27 extent that they challenge Gucci America’s registrations and applications for  
 28 Webbing Marks that Gucci America never asserted Forever 21 infringed. To have



standing to seek cancellation of a U.S. trademark registration, a party must allege that continuing the registration causes it particularized harm. Forever 21, however, does not allege that it has ever used, or has any intent to use, the GRG and BRB Webbing Marks on the types of goods covered by the registrations or applications that Gucci America did not accuse Forever 21 of infringing. Forever 21 therefore lacks standing to challenge those registrations or applications.

Finally, Forever 21's claim seeking the "denial" of Gucci America's pending applications for registration of its Webbing Marks in various classes fails because it is the responsibility of the USPTO, not the federal courts, to adjudicate applications for trademark registration. The Lanham Act gives federal courts jurisdiction to cancel *existing registrations* when appropriate, not to deny pending applications for yet-to-be-granted registrations. Rather than allow Forever 21 to short-circuit the administrative process relating to Gucci America's pending applications that has been underway for months, as Forever 21 seeks to do, the Court should defer to the USPTO's evaluation of these applications in the first instance.

For all these reasons, as discussed in detail below, Gucci America respectfully requests that the Court grant this motion and dismiss Counts Two through Five of Forever 21's Complaint in full, and Count One in part.

### **Factual Background**

**Gucci America's GRG and BRB Webbing Marks:** GUCCI is a world-famous luxury and fashion brand that features a number of iconic trademarks on its products. Relevant to this litigation, Gucci America has for decades sold jackets, pants, sweaters, jewelry, and other accessories displaying the GRG and BRB Webbing Marks. (Compl. at pp. 7-12.) Gucci America has received several U.S. federal trademark registrations for these trademarks across multiple categories of goods (collectively, Gucci America's "Webbing Registrations"), the majority of which have long since become "incontestable" pursuant to 15 U.S.C. § 1065 because the trademarks they cover have "been in continuous use for five consecutive



years subsequent to the date of such registration and [are] still in use in commerce.”  
 (*Id.* at pp. 8-11.) A table of Gucci America’s Webbing Registrations is set forth  
 below, with incontestable Webbing Registrations identified by a “\*”.

*Gucci America’s Webbing Registrations*

Reg. No.	Mark	Reg. Date	First Use In Commerce	Goods/Services (Class)
1511774*	BRB	11/8/1988	1963	Wallets, purses, handbags, shoulder bags, clutch bags, tote bags, business card cases, credit card cases, passport cases, cosmetic cases sold empty, attaché cases, valises, suitcases, duffle bags, necktie cases, umbrellas, saddles, bridles, walking sticks, canes and key cases (18) <sup>1</sup>
1122780*	GRG	7/24/1979	1963	Wallets, purses, handbags, shoulder bags, clutch bags, tote bags, card cases, passport cases, cosmetic cases, attaché cases, valises, suitcases, duffles, necktie cases, umbrellas, saddles, bridles, walking sticks, canes, and cases (18)
4563151	BRB	7/8/2014	1963	Gym bags, wallets, cosmetic cases sold empty (18)
1495863*	BRB	7/12/1988	1967	Footwear (25)
1520796*	BRB	1/17/1989	1967	Goods made or coated with precious metal – namely, candle holders, watches, cufflinks, bracelets, pendants, key rings, paperweights, earrings, rings, necklaces, ice buckets, goblets, and stylized animal containers (14)
1123224*	GRG	7/31/1979	1967	Goods made or coated with precious metal – namely, candle holders, watches, cufflinks, bracelets, pendants, key rings, paperweights, earrings, rings, necklaces, ice buckets, goblets, stylized animal containers, and letter openers (14)
1483526*	GRG	4/5/1988	1967	Footwear (25)
4379039	GRG	8/6/2013	1967	Shorts, pants, jeans, leggings, t-shirts, polo shirts, shirts, sweaters, sweatshirts, dresses, skirts, swimwear, one piece garments for infants and toddlers, cloth bibs, scarves, ties, hats, gloves, suspenders, belts (25)

<sup>1</sup> The Complaint incorrectly lists Registration No. 1511774 as covering Class 28.

Reg. No.	Mark	Reg. Date	First Use In Commerce	Goods/Services (Class)
4567112	GRG	7/15/2014	2010	<p>Eyeglasses and sunglasses and cases therefor; protective covers and cases for mobile electronic communication devices and computers; cell phone straps; computer carrying cases (9)</p> <p>Jewelry and key rings of precious metals (14)</p> <p>Cosmetic cases sold empty, suitcases, luggage, duffle bags, diaper bags partly and wholly of leather; pet accessories, namely, carriers, collars and leashes (18)</p>

Gucci America also has five federal trademark applications currently pending with the USPTO to register certain Webbing Marks (Gucci America's "Webbing Applications"). (*Id.* at pp. 13-14.) Below is a table of the Webbing Applications:

*Gucci America's Webbing Applications*

App. No.	Mark	Filing Date	First Use In Commerce	Goods/Services (Class)
87390952	GRG	3/29/2017	1968	Backpacks; briefcases and messenger bags (18)
87206686	BRB	10/18/2016	1974	Clothing, namely, sweaters, shirts, tops, jackets, coats, skirts, pants, jeans, shorts, dresses, belts and hats (25) <sup>2</sup>
87391139	BRB	3/29/2017	2004	Sunglasses; mobile phone cases; cell phone straps (9)
			2008	Scarves (25)
			2011	Backpacks (18)
87116368	BRB	7/26/2016	2016	Baby blankets (24)
87116786	GRG	7/26/2016	2016	Baby blankets (24)

<sup>2</sup> Application No. 87206686 initially included "boots, sandals, sneakers," but on July 21, 2017 Gucci America amended the application to delete these items because they were already covered by Gucci America's Registration No. 1495863.

1            **Gucci America Demands That Forever 21 Stop Using The Webbing Marks:**

2            Plaintiff Forever 21 is a retail chain that sells clothing and accessories in  
3 brick-and-mortar stores and online. (Compl. ¶ 9.)

4            On December 7, 2016, Gucci America sent a cease-and-desist letter to  
5 Forever 21 demanding that it stop selling, and refrain from selling in the future,  
6 certain products that infringe Gucci America's Webbing Marks. (*Id.* ¶ 13.) When  
7 Forever 21 neither substantively responded nor agreed to comply, Gucci America  
8 sent additional letters on January 6 and February 13, 2017, repeating its demands  
9 and identifying additional infringing items that came to Gucci America's attention  
10 in the interim. (*Id.* ¶¶ 14-15.) Specifically, Gucci America identified, *inter alia*, the  
11 following infringing products being sold on Forever 21's website, which are also  
12 identified in Forever 21's Complaint (collectively, the "Infringing Products"):

- 13            (1) "Striped Choker": a cloth choker that copied Gucci America's BRB  
14            Webbing Mark in its entirety (*id.* at p. 4);
- 15            (2) "Embroidered Satin Bomber Jacket": a jacket with trim and cuffs that  
16            copied Gucci America's BRB Webbing Mark (*id.* at p. 4);
- 17            (3) "Tiger Embroidery Stripe Sweater": a sweater with trim and cuffs that  
18            copied Gucci America's BRB Webbing Mark (*id.* at p. 5);
- 19            (4) "Metallic Faux Leather Bomber": a jacket with trim and cuffs that copied  
20            Gucci America's BRB Webbing Mark (*id.* at p. 6); and
- 21            (5) "Floral Bomber Jacket": a jacket with trim and cuffs that copied Gucci  
22            America's GRG Webbing Mark (*id.* at p. 7).

23            In its letters, Gucci America asserted that the Infringing Products infringed  
24 Registration Nos. 1520796 (BRB Webbing Registration, which includes necklaces)  
25 and 4379039 (GRG Webbing Registration, which includes clothing) (collectively,  
26 the "Asserted Webbing Registrations"), and Webbing Application No. 87206686  
27 (BRB Webbing Application, which includes clothing) (the "Asserted Webbing  
28 Application"). (*Id.* ¶ 7 & pp. 7-10; *id.* ¶ 21 & pp. 12-15.) Gucci America did not  
assert that the Infringing Products infringed its other Webbing Registrations—Nos.  
1122780, 1123224, 1483526, 1495863, 1511774, 4567112 or 4563151 (the

1 “Unasserted Webbing Registrations”). (*Id.* ¶ 19 & pp. 10-12.) Nor did Gucci  
 2 America assert that Forever 21 infringed its rights covered by any Webbing  
 3 Applications other than the Asserted Webbing Application (collectively, the  
 4 “Unasserted Webbing Applications”).<sup>3</sup>

5 **Forever 21 Preemptively Sues Gucci America:** Gucci America’s February  
 6 13, 2017 letter demanded that Forever 21 cease infringing Gucci America’s  
 7 intellectual property and agree to refrain from future infringement, or Gucci  
 8 America would be forced to consider all actions necessary to fully protect its  
 9 valuable U.S. intellectual property rights. The parties then began communicating  
 10 regarding the matter; as a result, Gucci America did not immediately file a lawsuit  
 11 against Forever 21. (*Id.* ¶¶ 23, 25.) On June 26, 2017, however, without any  
 12 advance notice or discernable impetus other than to be able to continue its  
 13 infringements with impunity, Forever 21 sued Gucci America<sup>4</sup> preemptively,  
 14 alleging that the GRG and BRB Webbing Marks are not protectable under U.S. law  
 15 because “[t]he colors red, blue, and green, and stripe designs, are among the most  
 16 favorite, popular and widely used colors and design features on clothing” (*id.* ¶ 1),  
 17 and “[m]any clothing and accessory items adorned with decorative stripes colored  
 18 blue-red-blue or green-red-green are sold by countless third parties” (*id.* ¶ 27).  
 19 Based on those two generalized allegations, Forever 21 contends that the marks

20 <sup>3</sup> While Gucci America identified three other federal trademark registrations in its  
 21 February 13, 2017 letter to demonstrate the full scope of its intellectual property  
 22 rights in GRG and BRB federal trademark registrations, the only registrations it  
 23 accused Forever 21 of infringing were the Asserted Webbing Registrations, which  
 24 covered the Infringing Products. Gucci America has since identified additional  
 25 products sold by Forever 21 that infringe the Webbing Marks, which Gucci America  
 26 includes in its Counterclaims against Forever 21. (Counterclaims ¶ 45.) Those  
 27 products all fall within the classes of goods covered by the Asserted Webbing  
 28 Registrations and the Asserted Webbing Application.

<sup>4</sup> Although Guccio Gucci S.p.A. is named as a co-defendant in this action, it has  
 not been served with the Complaint, and, in any event, is not the owner of or  
 applicant for any of the U.S. trademark rights at issue in the Complaint. Rather, as  
 the relevant records of the USPTO reflect, Gucci America is the sole owner of all  
 U.S. rights for the Webbing Registrations and is the sole applicant for all of the  
 Webbing Applications.

1 covered by Gucci America’s Webbing Registrations and Webbing Applications lack  
 2 secondary meaning, are aesthetically functional, and/or generic.

3 In its Complaint, Forever 21 seeks: (i) a declaratory judgment that the  
 4 Infringing Products are not infringing (Count 1); (ii) cancellation of Gucci  
 5 America’s Webbing Registrations for lack of secondary meaning (Count 2),  
 6 aesthetic functionality (Count 3), and “genericism” (Count 4); and (iii) “denial” of  
 7 Gucci America’s Webbing Applications on those same grounds (Count 5). (*Id.* ¶¶  
 8 31-46.)

### 9 Argument

#### 10 **I. LEGAL STANDARD**

11 A complaint will survive a motion to dismiss under Rule 12(b)(6) when it  
 12 contains “sufficient factual matter, accepted as true, to state a claim to relief that is  
 13 plausible on its face.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). “Conclusory  
 14 allegations or allegations that are no more than a statement of a legal conclusion ‘are  
 15 not entitled to the assumption of truth.’” *Gibson Brands, Inc. v. John Hornby*  
 16 *Skewes & Co.*, 2014 WL 4187979, at \*7 (C.D. Cal. Aug. 22, 2014) (quoting *Iqbal*,  
 17 556 U.S. at 679)). Rather, “to be entitled to the presumption of truth, allegations  
 18 . . . may not simply recite the elements of a cause of action, but must contain  
 19 sufficient allegations of underlying facts to give fair notice and to enable the  
 20 opposing party to defend itself effectively.” *Starr v. Baca*, 652 F.3d 1202, 1216 (9th  
 21 Cir. 2011). A plaintiff must do more than plead facts “consistent with” its claims or  
 22 that allow for the “sheer possibility” it is entitled to relief; it must plead “sufficient”  
 23 facts that, if true, “would allow the court to draw the reasonable inference that the  
 24 defendant is liable.” *Iqbal*, 556 U.S. at 678.

25 “Dismissal for failure to state a claim can be warranted based on either a lack  
 26 of a cognizable legal theory or the absence of factual support for a cognizable legal  
 27 theory.” *See British Broad. Corp. v. Stander*, 2017 WL 1807592, at \*4 (C.D. Cal.  
 28 March 18, 2017) (Olguin, J.) (citing *Mendiondo v. Centinela Hosp. Med. Ctr.*, 521

1 F.3d 1097, 1104 (9th Cir. 2008)). “A complaint may be dismissed also for failure to  
 2 state a claim if it discloses some fact or complete defense that will necessarily defeat  
 3 the claim.” *Id.* (citing *Franklin v. Murphy*, 745 F.2d 1221, 1228-29 (9th Cir. 1984)).

4 **II. THE COMPLAINT FAILS TO ALLEGE SUFFICIENT FACTS TO**  
 5 **SUPPORT CANCELLATION OF GUCCI AMERICA’S WEBBING**  
 6 **REGISTRATIONS OR DENIAL OF GUCCI AMERICA’S WEBBING**  
 7 **APPLICATIONS**

8 Gucci America moves to dismiss Counts Two through Five of the Complaint  
 9 because they are not supported by sufficient factual allegations to state a claim  
 10 under Rule 12(b)(6). Specifically, as shown below, Forever 21 has failed to plead  
 11 sufficient facts to state a claim that any of Gucci America’s Webbing Registrations  
 12 are subject to cancellation, or that any of Gucci America’s Webbing Applications  
 13 are subject to “denial,” on the bases of a lack of secondary meaning, aesthetic  
 14 functionality, or “genericism.”

15 **A. Count Two Fails Because Forever 21 Does Not Allege Facts That**  
 16 **Plausibly Suggest That Gucci America’s Webbing Marks Lack**  
 17 **Secondary Meaning**

18 Count Two asks the Court to cancel Gucci America’s three most recent  
 19 Webbing Registrations—Registration Nos. 4379039 (GRG), 4563151 (BRB), and  
 20 4567112 (GRG)—on the grounds that the trademarks covered by those registrations  
 21 allegedly lack secondary meaning. A trademark has “acquired secondary meaning”  
 22 when it “has become distinctive of the applicant’s goods in commerce.”  
 23 *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1142 n.3 (9th Cir. 2002) (quoting  
 24 *Park ‘N Fly v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985)). Secondary  
 25 meaning thus exists where there “is a mental recognition in buyers’ and potential  
 26 buyers’ minds that products connected with the [mark] are associated with the same  
 27 source.” *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 820 (9th Cir. 1980). A  
 28 federal trademark registration creates a “legal presumption of . . . distinctiveness,”  
 such that a plaintiff challenging a registered trademark has the “burden of  
 affirmatively pleading and disproving” secondary meaning. *Globefill Inc. v.*



1 *Elements Spirits, Inc.*, 2012 WL 12876944, at \*4 (C.D. Cal. Oct. 31, 2012). It is no  
 2 accident that Forever 21 includes only the three latest Webbing Registrations in  
 3 Count Two: these are the only Webbing Registrations Forever 21 can procedurally  
 4 seek to challenge as lacking secondary meaning because the other six Webbing  
 5 Registrations are all incontestable under 15 U.S.C. § 1065, which “serves as  
 6 conclusive proof that the mark has secondary meaning,” *Entrepreneur Media*, 279  
 7 F.3d at 1142 n.3 (citation omitted), and thus cannot be challenged on this ground.

8 Forever 21 fails to affirmatively plead any facts that, even if proven, would  
 9 establish that consumers do not connect the marks covered by the three challenged  
 10 Webbing Registrations with Gucci America as a source of goods. Indeed, the only  
 11 allegations in Forever 21’s threadbare Complaint that could possibly relate to this  
 12 issue are that the “colors red, blue, and green, and stripe designs, are among the  
 13 most favorite, popular and widely used colors and design features on clothing,”  
 14 (Compl. ¶ 1), and that “[m]any clothing and accessory items adorned with  
 15 decorative stripes colored blue-red-blue or green-red-green are sold by countless  
 16 third parties” (*id.* ¶ 27). These conclusory allegations are not supported by any  
 17 facts, and thus “are not entitled to the assumption of truth.” *Gibson Brands*, 2014  
 18 WL 4187979 at \*7 (quoting *Iqbal*, 556 U.S. at 679)). And, even if these allegations  
 19 were supported by sufficient facts, they still would not raise a plausible inference  
 20 that Gucci America’s Webbing Marks have not acquired secondary meaning, or do  
 21 not act as source-identifiers for Gucci America, because Forever 21’s allegations  
 22 about generic colored “stripes” do not relate to the specific Webbing Marks as they  
 23 are actually presented and used by Gucci America. Thus, at most, Forever 21 has  
 24 raised the “sheer possibility” that it is entitled to relief based on the alleged lack of  
 25 secondary meaning of the challenged Webbing Registrations, which is insufficient  
 26 to “allow the court to draw the reasonable inference” that Forever 21 is entitled to  
 27 such relief. *Iqbal*, 556 U.S. at 678.



1 Forever 21's empty factual allegations are all the more glaring in the face of  
 2 Gucci America's federal trademark registrations for the challenged Webbing Marks,  
 3 which are "prima facie evidence of the validity of the registered mark[s]." 15  
 4 U.S.C. § 1115(a); *see also KP Permanent Make-Up, Inc. v. Lasting Impression I,*  
 5 *Inc.*, 408 F.3d 596, 604 (9th Cir. 2005) ("Federal registration of a trademark endows  
 6 it with a strong presumption of validity.") (citation omitted). The insufficiency of  
 7 Forever 21's allegations of lack of secondary meaning also stands in stark contrast  
 8 to the long history of judicial findings that the GRG Webbing Mark, in particular,  
 9 when used in a variety of contexts in apparel and accessories, is "strong,"  
 10 "distinctive" and "entitled to the strictest protection the law affords." For example:

- 11 • "The Gucci Trademarks at issue, *i.e.*, the GUCCI Word Mark, the  
 12 GREEN-RED-GREEN Stripe, and the REPEATING GG, are **strong**  
 13 marks." *Gucci Am., Inc. v. Gucci*, 2009 WL 8531026, at \*14 (S.D.N.Y.  
 14 Aug. 5, 2009) (emphasis added) (in context of men's and women's  
 15 apparel, accessories, sunglasses, footwear, and jewelry).
- 16 • "The Gucci Accessory Collection . . . launched by Gucci Parfums  
 17 includes handbags, cosmetic bags, wallets, key rings and pens, all bearing  
 18 the **distinctive** red and green Gucci stripe." *Manetti-Farrow*, 858 F.2d at  
 19 511 (emphasis added).
- 20 • "The Gucci marks at issue . . . , *inter alia*, of variations of a 'GG' symbol,  
 21 green and red stripes [and the Gucci word mark] . . . **constitute 'strong'**  
 22 **trademarks, which are accorded the broadest protection against**  
 23 **infringement.**" *Gucci Am., Inc. v. Action Activewear, Inc.*, 759 F. Supp.  
 24 1060, 1064 (S.D.N.Y. 1991) (emphasis added) (in context of clothing and  
 25 accessories for men, women, and children).
- 26 • "The green-red-green stripe device is **a strong mark.**" *Gucci Am., Inc. v.*  
 27 *Dart, Inc.*, 715 F. Supp. 566, 568 (S.D.N.Y. 1989) (emphasis added) (in  
 28 context of watches, handbags, leather goods, and clothing).
- "Indeed, other courts have found that the GRG Stripe and the Repeating  
 GG Patten are strong, famous marks entitled to **the strictest protection the**  
**law affords.**" *Guess?*, 868 F. Supp. 2d at 246 (emphasis added).
- "**The strength of the Gucci [GRG Webbing] Marks** makes confusion  
 more likely[.]" *Super Star Int'l*, 2013 WL 12114741 at \*3 (emphasis  
 added).

26 Forever 21 cannot sidestep or rebut these multiple affirmative judicial  
 27 findings of strong secondary meaning with conclusory assertions that the Webbing  
 28 Marks do not have any secondary meaning at all. At a minimum, Forever 21 must

1 allege “sufficient factual matter” to support its assertions of lack of secondary  
 2 meaning. *Iqbal*, 556 U.S. at 678. Because it has failed to do so, Count Two should  
 3 be dismissed.

4 **B. Count Three Fails Because Forever 21 Does Not Allege Facts That**  
 5 **Plausibly Suggest That Gucci America’s Webbing Marks Are**  
 6 **Aesthetically Functional**

7 Count Three seeks cancellation of all nine of Gucci America’s Webbing  
 8 Registrations on the grounds that the Webbing Marks covered by those registrations  
 9 are aesthetically functional.<sup>5</sup> A mark is said to be unprotected due to its “aesthetic  
 10 functionality” when “protection of the feature as a trademark would impose a  
 11 significant non-reputation-related competitive disadvantage.” *Au-Tomotive Gold,*  
 12 *Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1072 (9th Cir. 2006). Put  
 13 differently, “if a design’s aesthetic value lies in its ability to confer a significant  
 14 benefit that cannot practically be duplicated by the use of alternative designs, then  
 15 the design is functional.” *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 170  
 16 (1995) (internal quotation marks omitted). In general, aesthetic functionality is  
 17 “limited to product features that serve an aesthetic purpose wholly independent of  
 18 any source-identifying function.” *Au-Tomotive Gold*, 457 F.3d at 1073.<sup>6</sup>

19 Forever 21’s Complaint is devoid of any factual allegations that could support  
 20 its assertion of aesthetic functionality. Even the allegations in paragraphs 1 and 27  
 21 regarding the alleged proclivity of unidentified “third parties” to use unspecified  
 22 “color” stripe designs are irrelevant to aesthetic functionality. Assuming, for the  
 23 sake of argument, the ubiquity of Gucci America’s Webbing Marks—which Gucci

24 <sup>5</sup> Specifically, Count Three seeks cancellation of Webbing Registration Nos.  
 25 1495863 (BRB), 1511774 (BRB), 1520796 (BRB), 1483526 (GRG), 1123224  
 (GRG), 1122780 (GRG), 4379039 (GRG), 4563151 (BRB), and 4567112 (GRG).

26 <sup>6</sup> Forever 21 does not, nor could it, contend that Gucci America’s Webbing  
 27 Registrations are subject to cancellation because of *utilitarian* functionality—*i.e.*,  
 28 that they are “essential to the use or purpose of the article [or] affects [its] cost or  
 quality.” *Millennium Labs., Inc. v. Ameritox, Ltd.*, 817 F.3d 1123, 1129 (9th Cir.  
 2016) (quoting *Au-Tomotive Gold*, 457 F.3d at 1072).

1 America denies, and Forever 21 fails to support with any specific factual  
2 allegations—that does not mean that there are no possible equally aesthetically  
3 attractive alternatives to those designs or patterns available to competitors, or that  
4 the Webbing Marks, specifically, are not source-identifying for Gucci America.  
5 *See, e.g., Moroccan Oil, Inc. v. Zotos Int’l, Inc.*, 2017 WL 319309, at \*4 (C.D. Cal.  
6 Jan. 19, 2017) (rejecting argument that trademark was aesthetically functional  
7 because its various components were “common in hair care products”); *Nova Wines,*  
8 *Inc. v. Adler Fels Winery LLC*, 467 F. Supp. 2d 965, 978 (N.D. Cal. 2006) (rejecting  
9 argument that Marilyn Monroe mark was aesthetically functional because party did  
10 “not assert that they would be placed at a significant competitive disadvantage if  
11 they were denied the right to place Marilyn Monroe images on their wine bottles”).

12       Possible combinations of two-tone, parallel stripe patterns are as abundant as  
13 the number of color combinations and stripe widths the human eye can perceive.  
14 There is no reason, and none alleged, why Forever 21, or any other retailer, could  
15 not choose from innumerable, equally attractive designs to use on its clothing as  
16 alternatives to the GRG and BRB Webbing Marks in which Gucci America has  
17 invested millions of dollars, and decades of effort, to develop as strong source  
18 identifiers of the GUCCI brand to consumers. *See Qualitex Co.*, 514 U.S. at 170  
19 (courts “should not discourage firms from creating aesthetically pleasing mark  
20 designs, for it is open to their competitors to do the same”). Forever 21’s allegations  
21 are therefore insufficient to draw any reasonable inference that Forever 21 is entitled  
22 to relief based on the alleged aesthetic functionality of the Webbing Marks. Count  
23 Three should be dismissed.

**C. Count Four Fails Because Forever 21 Does Not Allege Facts That Plausibly Suggest That Gucci America's Webbing Marks Are Generic**

Count Four seeks cancellation of all nine of Gucci America's GRG and BRB Webbing Registrations on the grounds that they are generic.<sup>7</sup> A product design may be generic: "(1) if the definition of a product design is overbroad or too generalized; (2) if a product design is the basic form of a type of product; or (3) if the product design is so common in the industry that it cannot be said to identify a proper source." *Gibson Brands*, 2014 WL 4187979, at \*8.

No plausible argument can be made—and none is suggested by Forever 21's allegations—that Gucci America's Webbing Registrations are "overbroad or generalized" in their definition of the GRG and BRB Webbing Marks. Nor does Forever 21 allege any facts that would plausibly suggest that the GRG and BRB Webbing Marks are the "basic form of a type of product." To the extent that the Complaint could be read to include any factual support for Forever 21's allegations of "genericism," it lies once again in the same two paragraphs about the alleged widespread use by "third parties" of various unspecified color stripe designs. (Compl. ¶¶ 1, 27.) Not only are these allegations non-specific and conclusory, but even if it were accurate that some unidentified other parties sell products with some unidentified other designs incorporating stripes, that would not raise any plausible inference that the GRG and BRB Webbing Marks, as used by Gucci America, are not identified with the GUCCI brand as the source.

In *Gibson Brands*, for example, the defendant similarly sought cancellation of the plaintiff's marks because there allegedly were "countless other manufacturers [who] have manufactured and sold in the United States" products with features "identical or substantially similar" to the plaintiff's marks. 2014 WL 4187979, at \*8. The Court found these factual allegations wanting, including because the

<sup>7</sup> Count Four challenges the same nine GRG and BRB Webbing Registrations as at issue in Count Three. *See supra* n.5.

1 defendant did not “name any of the ‘countless other manufacturers,’ or “specify the  
2 time period ... during which the purported similar guitars were ‘manufactured and  
3 sold.’” *Id.* at \*9. The Court held that this “information is necessary to state a  
4 plausible claim for a generic mark because Defendant must show that the allegedly  
5 similar and/or identical [products] were being sold at the date when Defendant  
6 ‘entered the market with the disputed mark or term.’” *Id.* (quoting *Yellow Cab Co.*  
7 *of Sacramento v. Yellow Cab of Elk Grove, Inc.*, 419 F.3d 925, 928 (9th Cir. 2005)).  
8 Forever 21’s Complaint suffers from similar defects.

9 Not only are Forever 21’s allegations factually insufficient, they are contrary  
10 to law to the extent they wrongly assume that particularized, source-identifying uses  
11 of shapes, patterns and colors are necessarily “generic.” For example, plaid is as  
12 common and prevalent in the clothing industry as any pattern, but that does not  
13 mean that “Burberry Plaid” is not a strong trademark entitled to protection. *See*  
14 *Burberry Ltd. v. Euro Moda, Inc.*, 2009 WL 1675080, at \*2 (S.D.N.Y. June 10,  
15 2009) (“The USPTO honored Burberry in 2008 by selecting it to participate as one  
16 of only 14 well-known brands in the USPTO’s 2008 National Trademark expo . . .  
17 not[ing] that ‘. . . Burberry owns an unusual yet very important trademark for their  
18 plaid design.’”); *see also, e.g.*, USPTO Reg. No. 4000067 (July 26, 2011)  
19 (registration issued to Hermes International for “mark [that] consists of this shade of  
20 the color orange”); USPTO Reg. No. 2159865 (May 26, 1998) (registration issued  
21 to UPS for “the mark [that] consists of the color brown which is applied to . . .  
22 clothing”).

23 Likewise, even if third parties use designs that happen to include red, green,  
24 or blue stripes in various color combinations and widths, Gucci America’s particular  
25 GRG and BRB Webbing Marks are nonetheless famous, enduring, and distinctive  
26 marks that have been recognized time and again, for decades, as source identifiers of  
27 the GUCCI brand. Forever 21 has failed to plead any factual allegations raising any  
28 reasonable inference to the contrary. Count Four should therefore be dismissed.

**D. Count Five Fails For All The Above Reasons**

Count Five asks the Court to “deny” Gucci America’s Webbing Applications pending before the USPTO for certain GRG and BRB Webbing Marks on the grounds that those Marks: (i) lack secondary meaning; (ii) are aesthetically functional; and (iii) are generic.<sup>8</sup> As argued below, *infra* Part IV, the Court does not have the authority to order the denial of a pending application for registration of a trademark. But in any event, for all the reasons discussed above, Count Five still fails because the Complaint does not allege sufficient factual matter to plausibly assert that the marks included in the Webbing Applications are unprotectable for any of the reasons Forever 21 has identified.

**III. FOREVER 21 LACKS STANDING TO SEEK CANCELLATION OF REGISTRATIONS THAT GUCCI AMERICA HAS NOT ACCUSED FOREVER 21 OF INFRINGING**

Independent of the arguments above, Forever 21 fails to state a claim for cancellation or “denial” on any of the asserted grounds (Counts Two, Three, Four and Five), or for a declaratory judgment of non-infringement (Count One), with regard to either the seven Unasserted Webbing Registrations or the four Unasserted Webbing Applications, because Forever 21 lacks standing to challenge them.

“In order to bring a claim for trademark cancellation, the cancellation petitioner must plead and prove facts showing a ‘real interest’ in the proceedings in order to establish standing.” *Hokto Kinoko Co. v. Concord Farms, Inc.*, 810 F. Supp. 2d 1013, 1034 (C.D. Cal. 2011); *see also MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007) (declaratory relief requires “a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment”) (internal quotation marks omitted). “A cancellation petitioner must show that he is more than an

<sup>8</sup> Count Five challenges all five pending Webbing Applications: Serial Nos. 87116786 (GRG) (filed July 26, 2016), 87206686 (BRB) (filed Oct. 18, 2016), 87116368 (BRB) (filed July 26, 2016), 87390952 (GRG) (filed Mar. 29, 2017), and 87391139 (BRB) (filed Mar. 29, 2017).



1 intermeddler but rather has a personal interest, and that there is a real controversy  
2 between the parties.” *Sunrich Food Grp., Inc. v. Pac. Foods of Oregon, Inc.*, 233 F.  
3 Supp. 2d 1273, 1277 (D. Or. 2002) (internal quotation marks and brackets omitted).  
4 Simply pleading that the plaintiff has suffered injuries “relating to the generic or  
5 descriptive nature of the marks” is not sufficient. *Ketab Corp. v. Mesriani &*  
6 *Assocs.*, 2015 WL 8022874, at \*7 (C.D. Cal. Dec. 4, 2015).

7       Before Forever 21 filed the Complaint, Gucci America accused Forever 21 of  
8 infringing the two Asserted Webbing Registrations. (Compl. ¶¶ 13-14.)  
9 Nevertheless, Forever 21 seeks cancellation not only of those two Registrations, but  
10 also the seven Unasserted Webbing Registrations that Gucci America never accused  
11 Forever 21 of infringing (as none of the Infringing Products falls within the scope of  
12 those seven Registrations). Forever 21 alleges no facts suggesting that it has any  
13 “real and immediate” interest in, or that there is a “real controversy” regarding, the  
14 seven Unasserted Webbing Registrations, which cover: (i) the use of GRG  
15 Webbing Marks on goods such as footwear, jewelry, wallets, gym bags, cases,  
16 purses, and eyeglasses; and (ii) the use of BRB Webbing Marks on goods such as  
17 footwear, wallets, gym bags, cases and purses. That is, *none* of the Infringing  
18 Products features the GRG or BRB Webbing Marks on goods covered by the  
19 Unasserted Webbing Registrations. Absent any factual allegations showing that  
20 Gucci America asserted that Forever 21 was selling products that fall into one of the  
21 classes of goods covered by the Unasserted Webbing Registrations, Forever 21’s  
22 claims seeking cancellation of the Unasserted Webbing Registrations cannot  
23 proceed for lack of standing.

24       For the same reasons, Forever 21 lacks standing to challenge the Unasserted  
25 Webbing Applications, as Gucci America did not allege any infringement by  
26 Forever 21 based on the classes of goods covered by these pending applications, and  
27 Forever 21 alleges no facts suggesting there is a “real controversy” regarding their  
28 registrability.



1 Accordingly, there is no justiciable controversy concerning Gucci America's  
 2 Unasserted Webbing Registrations or Unasserted Webbing Applications identified  
 3 above. The Court should therefore dismiss all of Forever 21's claims to the extent  
 4 they apply to those Webbing Registrations and Applications.

5 **IV. COUNT FIVE SHOULD BE DISMISSED BECAUSE THE COURT**  
 6 **DOES NOT HAVE THE AUTHORITY TO CANCEL AN**  
 7 **APPLICATION FOR REGISTRATION**

8 Count Five, which asks the Court to direct the denial of Gucci America's  
 9 Webbing Applications, should be dismissed for the independent reason that the  
 10 Court does not, as a matter of law, have the authority to deny a pending application  
 11 for the registration of a trademark. Rather, a district court can only cancel an  
 12 existing registration. *See Silver Textile, Inc. v. D Lux Brands, LLC*, 2014 WL  
 13 12594456, at \*5 (C.D. Cal. May 12, 2014) ("Where there is only a pending  
 14 application at issue, the Court lacks authority to cancel that application."); *Farm &*  
 15 *Trade, Inc. v. Farmtrade, LLC*, 2014 WL 1665146, at \*7 (E.D. Cal. Apr. 23, 2014)  
 16 ("[T]o state a claim [for cancellation under the Lanham Act], Defendant must hold a  
 17 registered trademark with the USPTO. The existence of a pending application is not  
 18 sufficient.").

19 The power of the Court to act upon a registration is explicitly constrained by  
 20 the text of the Lanham Act. Specifically, 15 U.S.C. § 1119 provides: "In any action  
 21 involving a **registered mark** the court may determine the right to registration, order  
 22 the cancelation of registrations, in whole or in part, restore canceled registrations,  
 23 and otherwise rectify the register with respect to the registrations" (emphasis added).  
 24 Nowhere does the statute say that a Court has the authority to **prevent** a mark from  
 25 being registered in the first place; rather, a precondition is that the specific mark at  
 26 issue be "registered." *See, e.g., GMA Accessories, Inc. v. Idea Nuova, Inc.*, 157 F.  
 27 Supp. 2d 234, 241 (S.D.N.Y. 2000) (dismissing claim to "cancel" trademark  
 28 application).

Accordingly, Forever 21's exclusive avenue for challenging Gucci America's pending applications lies with the USPTO, not the federal courts. And, in fact, Forever 21 has already availed itself of the administrative process in the USPTO by initiating opposition proceedings as to the three Webbing Applications that have been approved for publication, as shown below:

- Application No. 87116786 (GRG in Class 24): Forever 21 filed an Opposition to the application on July 20, 2017 (Opp. No. 91/235,699).
- Application No. 87206686 (BRB in Class 25): Forever 21 filed an Opposition to the application on July 24, 2017 (Opp. No. 91/235,735), after having sought and been granted an extension of time to oppose.
- Application No. 87116368 (BRB in Class 24): Forever 21 filed an Opposition to the application on July 24, 2017 (Opp. No. 91/235,736), after having sought and been granted an extension of time to oppose.<sup>9</sup>

Given the Lanham Act's focus on "registered marks," 15 U.S.C. § 1119, and the existence of ongoing administrative proceedings in the USPTO regarding the same applications Forever 21 challenges here, the Court should decline to hear Forever 21's claim for "denial" of the Webbing Applications, and dismiss Count Five.

Finally, even if the Court did opt to consider Count Five, the claim fails for the same reasons discussed above. *See supra* Parts II & III.

### **Conclusion**

For the foregoing reasons:

- Counts Two through Five should be dismissed for failure to allege sufficient factual material pursuant to Rule 12(b)(6);
- Counts One through Five should be dismissed for lack of standing as to the seven Unasserted Webbing Registrations and four Unasserted

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<sup>9</sup> The other two Webbing Applications—Nos. 87390952 (GRG in Class 18) and 87391139 (BRB in Classes 9, 18, 25)—have not yet been accepted for publication on the Principal Register. As to each, Gucci America's deadline to respond to the Trademark Examiner's pending non-final action is October 18, 2017.

1 Webbing Applications that Gucci America never asserted against  
2 Forever 21; and

- 3 • Count Five should be dismissed because the Court does not have the  
4 authority to deny pending trademark applications.

5  
6 DATED: August 7, 2017

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7  
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